

Opinion statement on how to proceed with the “Council of Experts Concerning the Follow-up of Japan’s Stewardship Code and Japan’s Corporate Governance Code” (“this Council” hereinafter) in future

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As indicated in the “Financial Administration Policy” that was announced on September 18 last year, the objective of this Council has been set as “improving corporate governance reform with a change from ‘formal’ to ‘substantial enhancement.’” Since September 24 last year, discussions have been carried out four times, and I feel that—as suggested by global institutional investors, etc. based on the preceding experience in overseas countries and the opinions expressed in this Council—to achieve substantial enhancement of both codes, it is necessary to have a lot of discussion and build up best practices going forward.

Furthermore, as it is stated in the 2015 revised version of the “Japan Revitalization Strategy” that proper explanation and dissemination within Japan as well as communication of information overseas are to be carried out in order to spread information and allow both codes to be established, the secretariat is putting a lot of effort into active disclosure of information, including minutes of the council meetings, both in Japan and overseas.

I understand that this kind of information disclosure is very meaningful, but there are also concerns that the amount of disclosed information keeps increasing as more and more discussions are carried out in this Council, and the people on the receiving end may not be able to digest all the information. Therefore, from the perspective of sharing a common understanding with people both inside and outside this Council, I think it is perhaps necessary to stop at a suitable point, organize the points made in the discussions and disseminate the information externally.

From this kind of perspective, I would like to ask the secretariat to consider preparing a summary of the opinion statements presented at this Council so far by around mid-Feb this year, and disseminating the information both within Japan and overseas in anticipation of the next review of “Comply or Explain” to be conducted by companies.

In this case, with regard to the “Points at issue on the board and other matters,” particularly the items that the secretariat has presented as “Summary of the discussion so far” during the 4th Council, I think perhaps we have already completed a full round of discussion, including the section on “defensive governance,” and it is now possible to

prepare an opinion statement based on the said topic.

In addition, I think it is also very meaningful to disseminate information externally with regard to cross-shareholdings that were discussed at the third Council as this is an area that institutional investors have a strong interest in.

I would like to add a final point regarding the opinion statement I have just suggested. I think it will be in line with the purpose of this Council which places emphasis on substance if the opinion statement is positioned as a communication of information on this Council based on the discussions so far up till the point when the opinion statement is prepared, and an effort is made to avoid rough-and-ready discussion for the sake of preparing the opinion statement, and at the same time, the opinion statement should be further enhanced whenever the discussion gets more in-depth.